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The Borders and Solyndra Bankruptcies

Former Borders President Mike Edwards is being sued by some ex-employees. In the lawsuit filed by about 300 ex-employees, they claim that they were given little or no notice they were about to lose their jobs. The leader of the group, Jared Pinsker, said that under the Worker Adjustment and Retraining Notification Act, Borders should have given their employees 60 days' notice before the company made a massive layoff. The provision of the Act applies to a company that lays off a third or more of its workers, like Borders did when they went bankrupt.

On July 18, the day Borders closed its doors, reports indicated that Edwards was still trying to find a buyer for the company. But just hours later, he was announcing its closure. It appears the claim of the ex-employees was not without basis.

This legal development is the latest in the story of Borders, who just a few days ago apparently took another company, Next Jump to court for "trade-secret misappropriation and trademark infringement."

On the other hand, there's Solyndra, the solar equipment maker who filed for bankruptcy recently. The company went bust despite being awarded a half a million dollar loan guarantee from the government. The main reason is its inability to compete with similar cheaper products from countries like China. Some people say that the solar energy market is not a viable market to enter since most consumers prefer other traditional energy sources. Others simply complain that the government wasted taxpayers' money on Solyndra by offering the loan.

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But this reasoning is not valid because countries like China see the potential in the solar energy market and has entered into it in a big way, resulting in a price fall of at least 40% in solar panels. This pattern of foreign competition entering a market has been seen before in the TV, VCD, computer and DVD markets, to name a few. The first products in these markets are highly priced and the first movers make a killing. Then foreign countries catch on and come up with cheaper goods and the consumers are given a wide variety of choices of products in the market at different prices.

The only 'mistake' the government made in financially supporting Solyndra was in not anticipating the eventual foreign competition. Both the government and Solyndra somehow thought that such new technology was so fresh that it was only unique to American manufacturers. So it's time American industries prepare adequately for foreign competition so that the Solyndra debacle would not be repeated. Mike Edwards is being sued by some ex-employees. In the lawsuit filed by about 300 ex-employees, they claim that they were given little or no notice they were about to lose their jobs. The leader of the group, Jared Pinsker, said that under the Worker Adjustment and Retraining Notification Act, Borders should have given their employees 60 days' notice before the company made a massive layoff. The provision of the Act applies to a company that lays off a third or more of its workers, like Borders did when they went bankrupt.

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